MEMORANDUM OF AGREEMENT

BETWEEN

THE DEPARTMENT OF DEFENSE

OF THE UNITED STATES OF AMERICA

AND

THE MINISTRY OF DEFENSE

OF THE ITALIAN REPUBLIC

FOR

RESEARCH, DEVELOPMENT, TEST AND EVALUATION (RDT&E) PROJECTS

Short Title: RDT&E MOA

Certified to be a true copy:

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PREAMBLE

The Department of Defense of the United States of America (U.S. DoD) and the Ministry of Defense of the Italian Republic (IT MoD), hereinafter referred to as the "Parties":

Having a common interest in defense;

Recognizing the benefits to be obtained from rationalization, standardization, and interoperability of military equipment;

Considering the Memorandum of Understanding between the Government of Italy and the Government of the United States of America Concerning the Principles Governing Mutual Cooperation in the Research, Development, Production and Procurement of Defense Equipment, dated September 11, 1978, and its Annexes;

Seeking to make the best use of their respective research, development, test and evaluation capacities, eliminate unnecessary duplication of work, and obtain the most efficient and cost-effective results through cooperation in Research, Development, Test, and Evaluation (RDT&E) Projects; and

Recognizing the need to develop collectively emerging technologies to field technologically superior weapons;

Have agreed as follows:

ARTICLE I

DEFINITIONS AND ABBREVIATIONS

The Parties have agreed upon the following definitions and abbreviations for terms used in this RDT&E MOA and PAs under this MOA:

1.1. Definitions:

Classified Information	Official information that requires protection in the interests of national security and is so designated by the application of a security classification marking. It may be in oral, visual, magnetic, or documentary form, or in the form of equipment or technology.
Contract	Any mutually binding legal relationship that obligates a Contractor to furnish supplies or services, and obligates one or both of the Parties to pay for them.
Contracting	The obtaining of supplies or services by Contract from sources outside the government organizations of the Parties. Contracting includes description of supplies and services required, solicitation and selection of sources, preparation, and award of Contracts, and all phases of Contract administration.
Contracting Agency	The entity within the government organization of a Party that has authority to enter into, administer, or terminate Contracts.
Contracting Officer	A person representing a Contracting Agency of a Party who has the authority to enter into, administer, or terminate Contracts.
Contractor	Any entity awarded a Contract by a Party's Contracting Agency.
Contractor Support Personnel	Persons specifically identified as providing administrative, managerial, scientific, or technical support services to a Party under a support Contract.

Controlled Unclassified Information	Unclassified information to which access or distribution limitations have been applied in accordance with applicable national laws or regulations. It includes information that has been declassified but remains controlled.
Cooperative Project Personnel (CPP)	Military members or civilian employees of a Parent Party assigned to a Joint Project Office who perform managerial, engineering, technical, administrative, Contracting, logistics, financial, planning or other functions in furtherance of a Project.
Defense Purposes	Manufacture or other use in any part of the world by or for the armed forces of either Party.
Designated Security Authority (DSA)	The security office approved by national authorities to be responsible for the security aspects of this MOA and its PAs.
Financial Costs	Project costs met with monetary contributions.
Host Party	The Party whose nation serves as the location of the Joint Project Office established under a Project Agreement.
National Security Authority (NSA)	The government entity responsible for national security policy guidance. It may include DSA's responsibilities.
Non-financial Costs	Project costs met with non-monetary contributions.
Parent Party	The Party that sends its CPP to the Joint Project Office located in the nation of the other Party.
Party	A signatory to this MOA represented by its military and civilian personnel. Contractors and Contractor Support Personnel shall not be representatives of a Party under this MOA or its PAs.
Patent	Grant by a government of the right to exclude others from making, using, or selling an invention. The term refers to any and all patents including, but not

	limited to, patents of implementation, improvement, or addition, petty patents, utility models, appearance design patents, registered designs, and inventor certificates or like statutory protection as well as divisions, reissues, continuations, renewals, and extensions of any of these.
Project	Specific collaborative activity described in a PA concluded pursuant to this RDT&E MOA.
Project Agreement	An implementing agreement, added after the RDT&E MOA has come into effect, which specifically details the provisions of collaboration on a specific Research, Development, Test, and Evaluation Project.
Project Background Information	Information not generated in the performance of a PA.
Project Equipment	Any materials, equipment, end item, subsystem, component, special tooling, or test equipment jointly acquired or provided for use in a PA.
Project Foreground Information	Information generated in the performance of a specific PA.
Project Information	Any information provided to, generated in, or used in a PA regardless of form or type, including, but not limited to, that of a scientific, technical, business, or financial nature, and also including photographs, reports, manuals, threat data, experimental data, test data, designs, specifications, processes, techniques, inventions, drawings, technical writings, software and associated documentation, sound recordings, pictorial representations, and other graphical presentations, whether in magnetic tape, computer memory, or any other form and whether or not subject to copyright, Patent, or other legal protection.
Project Invention	Any invention or discovery formulated or made (conceived or first actually reduced to practice) in the course of work performed under a PA. The term "first actually reduced to practice" means the first

	demonstration, sufficient to establish to one skilled in the art to which the invention pertains, of the operability of an invention for its intended purpose and in its intended environment.
Prospective Contractor	Any entity that seeks to enter into a Contract to be awarded by a Party's Contracting Agency and that, in the case of a solicitation involving the release of export-controlled information, is eligible to receive such information.
Third Party	A government other than the government of a Party and any person or other entity whose government is not the government of a Party.

1.2. Abbreviation List:

AP	Agreement Principal
CPP	Cooperative Project Personnel
DSA	Designated Security Authority
EA	Executive Agent
JPO	Joint Project Office
NAD	National Armament Director
NSA	National Security Authority
PA	Project Agreement
PO	Project Officer
SC	Steering Committee
RDT&E	Research, Development, Test, and Evaluation

ARTICLE II

OBJECTIVE

2.1. The objective of this MOA is to promote collaboration on research of technologies and systems by defining and establishing the general provisions that apply to the initiation, conduct, and management of RDT&E Projects established by separate Project Agreements (PAs) entered into by representatives of the Parties authorized in accordance with this MOA. Areas of cooperation shall be identified and reviewed by RDT&E MOA Principals for potential PAs.

2.2. PAs shall be entered into pursuant to this MOA and shall incorporate by reference the provisions of this MOA. Detailed provisions of each individual PA shall include, as a minimum, provisions concerning the objective, scope of work, management structure, financial arrangements, contractual arrangements (if required), security classification, responsibilities of the Parties, and other provisions as required, in accordance with the format attached as Annex A (to be used as a guideline).

ARTICLE III

SCOPE OF WORK

3.1. The scope of work for this MOA shall encompass collaboration, within the respective institutional authorities of the Parties, in research, development, testing, and evaluation potentially leading to new or improved military capability. PAs may encompass one or more of the following activities: basic research, applied research, advanced technology development, concept of operation studies and analysis, advanced concept technology demonstrations, system prototypes, system development and demonstration (engineering and manufacturing development), developmental test and evaluation of system/subsystem efforts, and evolutionary acquisition/spiral development efforts associated with low rate initial production or production programs.

3.2. Information exchange for the purposes of harmonizing the Parties' respective RDT&E capabilities and requirements, and for formulating, developing, and negotiating PAs is permitted under this MOA.

3.3. No technical information relating to production may be transferred under this MOA or its implementing PAs.

3.4. This MOA does not preclude the Parties from entering into any other agreement in the area of research, development, test, and evaluation.

ARTICLE IV

MANAGEMENT (ORGANIZATION AND RESPONSIBILITY)

4.1. The Director, International Cooperation in the Office of the Under Secretary of Defense (Acquisition, Technology and Logistics) is designated as the U.S. RDT&E MOA Principal (AP). The Deputy of the Secretary General (NAD) is designated as the Italian RDT&E AP. The RDT&E APs shall be responsible for:

4.1.1. monitoring implementation of this MOA and exercising executive-level oversight;

4.1.2. monitoring overall use and effectiveness of the MOA;

4.1.3. recommending amendments to the MOA to the Parties; and

4.1.4. resolving issues brought forth by the Executive Agents.

4.2. The appropriate U.S. Military Department Acquisition Executive or Defense Agency Director, or designee, is designated as the U.S. RDT&E Executive Agent (U.S. RDT&E/EA) for those Projects within the respective Military Department or Defense Agency. The Chief of 5th Department for Research and Technology of the Secretariat General/NAD, or designated representative, is designated as the Italian RDT&E Executive Agent (Italian RDT&E/EA). The RDT&E/EAs shall be responsible for:

4.2.1. concluding appropriate PAs in accordance with this MOA and national policies and procedures;

4.2.2. establishing an appropriate management structure for overseeing their PAs and, for each PA, considering the PA's scope and the requirement for a Steering Committee (SC);

4.2.3. appointing SC members when deemed necessary, and Project Officers (PO), as appropriate;

4.2.4. providing administrative direction to appropriate SCs, if established, or POs appointed to their Projects;

4.2.5. approving plans for disposal of jointly acquired Project Equipment if an SC is not established;

4.2.6. ensuring security is administered during all phases of PAs;

4.2.7. designating a point of contact for exchange of information to harmonize requirements for the development and negotiation of potential PAs, in accordance with paragraph 3.2. of Article III (Scope of Work); and

4.2.8. resolving issues brought forth by the SC, or, if no SC is established, by the POs. If the issue cannot be resolved by the EAs, then the EAs are responsible for bringing the issue to the attention of the APs.

4.3. If an SC is established under a particular PA, it shall be responsible for:

4.3.1. providing policy and management direction to the POs during PA execution;

4.3.2. monitoring overall PA implementation, including technical, cost, and schedule performance against requirements;

4.3.3. approving plans for transfers of Project Equipment or disposal of jointly acquired Project Equipment, in accordance with Article VIII (Project Equipment);

4.3.4. resolving issues brought forth by the POs, or raising the issues to the EAs;

4.3.5. maintaining oversight of the security aspects of a PA and appointing a Project security officer;

4.3.6. approving assignment of personnel working on a Project at the other Party's facilities in accordance with the provisions set forth in Appendix (1) to Annex A;

4.3.7. approving the detailed financial procedures of a PA established by the POs in the event that one Party contracts on behalf of the other Party or on behalf of both Parties;

4.3.8. employing its best efforts to resolve, in consultation with the export control authorities of the Parties, any export control issues raised by the POs in accordance with paragraph 4.4. or raised

by a Party's SC representative in accordance with paragraph 4.6.; and

4.3.9. reporting status of activity of assigned PAs at least every six months to the RDT&E/EAs and RDT&E/APs.

4.4. In accordance with the provisions of the PA, the POs shall have primary responsibilities for effective implementation, efficient management and direction of their assigned PA including technical, cost, and schedule performance against requirements. The POs shall monitor export control arrangements required to implement any PA and, if applicable, shall immediately refer to the SC any export control issues that could adversely affect the implementation of the PA. Additionally, if no SC is established for the PA, the POs shall have the obligations under paragraph 4.3., except that the EAs shall be responsible for resolving issues brought forth by the POs and for approving plans for the disposal of jointly acquired Project Equipment. The POs shall also maintain a list of all Project Equipment transferred by either of the Parties.

4.5. As provided in a PA and in accordance with the provisions set forth in Appendix (1) to Annex A of this MOA, a Party may assign Cooperative Project Personnel (CPP) to the Joint Project Office (JPO) established under the PA to assist in the implementation of the PA.

4.6. If a Party finds it necessary to exercise a restriction on the retransfer of export-controlled information as set out in paragraph 9.1.3. of Article IX (Disclosure and Use of Project Information), it will promptly inform the other Party. If a restriction is then exercised and the affected Party objects, that Party's SC representative or PO shall promptly notify the other Party's SC representative or PO, and they shall immediately consult in order to discuss ways to resolve such issues or mitigate any adverse effects.

4.7. The RDT&E/EAs, SCs, and POs shall meet as required on a regular basis, alternatively in the United States and Italy. The Chairman for each meeting shall be the senior official of the Host Party. During such meetings, all decisions shall be made unanimously with each Party having one vote. In the event the Parties are unable to reach a timely decision on an issue, each Party shall refer the issue to its higher authority for resolution. In the meantime, the approved PA shall continue to be implemented without interruption under the direction of the POs while the issue is being resolved by higher authority.

ARTICLE V

FINANCIAL PROVISIONS

5.1. Each Party shall contribute its equitable share of the full Financial Costs and Non-financial Costs incurred in performing, managing, and administering its responsibilities and activities under each PA, including overhead costs, administrative costs, and costs of claims, and each Party shall receive an equitable share of the results of the PA. The tasks to be performed by each Party shall be established in each PA. The assignment of tasks shall represent an equitable sharing of the costs and work to be performed under each PA.

5.2. This MOA creates no Financial or Non-financial Costs regarding individual PAs. Detailed descriptions of the financial and non-financial arrangements for a specific Project, including, at a minimum, each Party's share of the total Project cost, shall be contained in that PA.

5.3. The following costs shall be borne entirely by the Party incurring the costs or on whose behalf the costs are incurred:

5.3.1. costs associated with any unique national requirements identified by a Party; and

5.3.2. any other costs not expressly stated as shared costs or any costs that are outside the scope of this MOA and its PAs.

5.4. A Party shall promptly notify the other Party if available funds are not adequate to fulfill its obligations under a PA. If a Party notifies the other Party that it is terminating or reducing its funding for a PA, both Parties shall immediately consult with a view toward continuation on a changed or modified basis.

5.5. For a Project where one Party contracts on behalf of the other Party or on behalf of both Parties, the POs shall be responsible for establishing the detailed financial management procedures under which the Project shall operate. These procedures, which must accord with the national laws and accounting and audit requirements of the Parties, shall be detailed in a Financial Management Procedures Document (FMPD) prepared by the POs and subject to the approval of the SC, as appropriate.

5.6. For a Project where one Party contracts on behalf of the other Party or both Parties, each Party shall provide funds for

the Project in accordance with the estimated schedule of financial contributions contained in the FMPD, which shall be consistent with paragraph 5.10.

5.7. For PAs with shared costs that involve the establishment of a JPO with Cooperative Project Personnel (CPP) assignments, the PA shall address the financial and non-financial contributions required for JPO administration and associated support services including, but not limited to, JPO costs of travel incurred in support of Project efforts, JPO training costs, Contract award, Contract administration, office space, security services, information technology services, communications services, and supplies.

5.8. In addition to the shared costs of JPO administration and associated support services costs described in paragraph 5.7., the cost of personnel in the JPO shall be borne as follows:

5.8.1. The Host Party shall bear the costs of all pay and allowances of Host Party personnel in the JPO.

5.8.2. The Parent Party shall bear the following CPP-related costs:

5.8.2.1. all pay and allowances of CPP assigned to the JPO;

5.8.2.2. transportation of CPP, CPP dependents, and their personal property to the JPO location prior to commencement of the CPP assignment in the JPO, and return transportation of the foregoing from the JPO location upon completion or termination of the CPP assignment;

5.8.2.3. compensation for loss of, or damage to, the personal property of CPP or CPP dependents, subject to the laws and regulations of the Parent party's government; and

5.8.2.4. preparation and shipment of remains and funeral expenses in the event of the death of CPP or CPP dependents.

5.9. For PAs without shared costs that involve the establishment of one or more multinational offices with CPP assignments, the Parties shall bear costs related to multilateral offices established under such PAs as follows.

5.9.1. The Host Party shall bear the following costs:

5.9.1.1. all pay and allowances of Host Party personnel assigned to the multinational office; and

5.9.1.2. multinational office costs including, but not limited to, CPP assignment-related administrative and support services costs such as CPP costs of travel incurred in support of Project efforts, CPP-related training costs, Contract award, Contract administration, office space, security services, information technology services, communications services, and supplies.

5.9.2. The Parent Party shall bear the following costs:

5.9.2.1. all pay and allowances of CPP assigned to the multinational office;

5.9.2.2. transportation of CPP, CPP dependents, and their personal property to the JPO location prior to commencement of the CPP assignment at a location specified by the Host Party, and return transportation of the foregoing from this location upon completion or termination of the CPP assignment;

5.9.2.3. compensation for loss of, or damage to, the personal property of CPP or CPP dependents, subject to the laws and regulations of the Parent Party's government; and

5.9.2.4. preparation and shipment of remains and funeral expenses in the event of the death of CPP or CPP dependents.

5.10. The Parties recognize that in performing Contracting responsibilities under a PA, it may become necessary for one Party to incur contractual or other obligations for the benefit of the other Party or both Parties prior to the receipt of the other Party's funds. In the event one Party incurs such obligations, the other Party shall make such funds available in such amounts and at such times as may be required by the Contract or other obligation, and shall pay any damages and costs that may accrue from the performance of or cancellation of the Contract or other obligation in advance of the time such payments, damages, or costs are due.

ARTICLE VI

CONTRACTING PROVISIONS

6.1. Prior to the signature of a PA, each Party, in consultation with the other Party, shall determine if Contracting is necessary to fulfill its responsibilities under that PA and so indicate in the PA. In such event, that Party shall contract in accordance with its respective national laws, regulations, and procedures.

6.2. When one Party individually contracts to undertake a task under a PA, it will be solely responsible for its own Contracting, and the other Party shall not be subject to any liability arising from such Contracts.

6.3. If the Parties determine that it is necessary under a PA that one Party contract on behalf of the other Party or both Parties for tasks under the PA, the Party shall contract in accordance with its respective national laws, regulations, and procedures. The Contracting Officer shall be the exclusive source for providing contractual direction and instructions to Contractors. The POs shall be responsible for the coordination of activities relating to this MOA and its PAs, and shall cooperate with the Contracting Officer in the areas of Contract procedures, Contract negotiation, evaluation of offers, and Contract award. The Contracting Officer shall also keep the POs advised of all financial arrangements with Contractors.

6.4. For all Contracting activities performed by either Party, the PO shall, upon request, provide a copy of all statements of work for information prior to the issuance of solicitations.

6.5. Each Party's Contracting Agency shall negotiate to obtain the rights to use and disclose Project Information required by Article IX (Disclosure and Use of Project Information). During the Contracting process, each Party's Contracting Officer shall advise Prospective Contractors of their obligation to notify the Contracting Agency immediately if they are subject to any license or agreement that shall restrict that Party's freedom to disclose information or permit its use. The Contracting Officer shall also advise Prospective Contractors to employ their best efforts not to enter into any new agreement or arrangement that shall result in restrictions.

6.6. In the event a Party's Contracting Agency is unable to secure adequate rights to use and disclose Project Information as required by Article IX (Disclosure and Use of Project Information), or is notified by Contractors or Prospective Contractors of any restrictions on the disclosure and use of

information, that Party's PO shall notify the other Party's PO of the restriction(s).

6.7. Each Party's Contracting Agency shall insert into its prospective Contracts (and require its Contractors to insert in subcontracts) provisions that satisfy the requirements of this MOA, including Article IX (Disclosure and Use of Project Information), Article X (Controlled Unclassified Information), Article XII (Security), Article XIII (Third Party Sales and Transfers), and Article XVI (General Provisions), including the export control provisions in accordance with this MOA, in particular paragraphs 6.8. and 6.9.

6.8. Each Party shall legally bind its Contractors to a requirement that the Contractor shall not retransfer or otherwise use export-controlled information furnished by the other Party for any purpose other than the purposes authorized under this MOA or a PA under this MOA. The Contractor shall also be legally bound not to retransfer the export-controlled information to another Contractor or subcontractor unless that Contractor or subcontractor has been legally bound to limit use of the information to the purposes authorized under this MOA or a PA under this MOA. Export-controlled information furnished by one Party under this MOA or a PA under this MOA may only be retransferred by the other Party to its Contractors if the legal arrangements required by this paragraph have been established.

6.9. Each Party shall legally bind its Prospective Contractors to a requirement that the Prospective Contractor shall not retransfer or otherwise use export-controlled information furnished by the other Party for any purpose other than responding to a solicitation issued in furtherance of the purposes authorized under this MOA or a PA under this MOA. Prospective Contractors shall not be authorized use for any other purpose if they are not awarded a Contract. The Prospective Contractors shall also be legally bound not to retransfer the export-controlled information to a prospective subcontractor unless that prospective subcontractor has been legally bound to limit use of the export-controlled information for the purpose of responding to the solicitation. Export-controlled information furnished by one Party under this MOA or a PA under this MOA may only be retransferred by the other Party to its Prospective Contractors if the legal arrangements required by this paragraph have been established. Upon request by the furnishing Party, the receiving Party shall identify its Prospective Contractors and prospective subcontractors receiving such export-controlled information.

6.10. Each Party's PO shall promptly advise the other Party's PO of any cost growth, schedule delay, or performance problems of any Contractor for which its Contracting Agency is responsible.

ARTICLE VII

WORK SHARING

7.1. After the scope of a Project has been fully defined with regard to both the technical and the financial contents, each Party shall work toward the goal that the work to be performed under a PA to this MOA shall be equitably shared, taking into account the technical merit, and the need to achieve the timely, economical, and efficient execution of the Project. This work shall encompass those requirements contained in the Scope of Work of the PA that are common to the Parties and are funded under the Project.

7.2. Each Party shall encourage its Contractors to provide competitive opportunities to sources from the other Party to participate in the work of a Project, provided that such participation does not adversely affect the Project.

7.3. No requirement shall be imposed by either Party for work sharing or other industrial or commercial compensation in connection with this MOA and any PA that is not in accordance with this MOA.

ARTICLE VIII

PROJECT EQUIPMENT

8.1. For the purpose of carrying out a PA, each Party may provide to the other Party such Project Equipment identified as being necessary for the corresponding Project. A list of all Project Equipment provided by one Party to another Party shall be developed, maintained, and amended by the POs. If an SC is formed, the SC will approve the list of Project Equipment.

8.2. Project Equipment is provided only for the purposes set forth in Article II (Objectives) of the applicable PA, unless otherwise consented in writing by the providing Party. The providing Party shall furnish the receiving Party all the relevant technical information needed to use, inspect, maintain, and repair the Project Equipment. Project Equipment shall remain the property of the providing Party. In addition, the receiving Party shall maintain Project Equipment in good order, repair, and operable condition and shall return it in as good condition as received, normal wear and tear excepted, unless the providing Party has approved in the PA the expenditure or consumption of Project Equipment as necessary for the purposes of the PA. Such expenditure or consumption shall be without reimbursement to the providing Party. However, the receiving Party shall bear the cost of any damage to (other than normal wear and tear) or loss of Project Equipment provided to it that is not approved for expenditure or consumption. If the Project Equipment is damaged beyond economical repair, the receiving Party shall return the Project Equipment to the providing Party (unless otherwise specified in writing by the providing Party) and pay its replacement value as computed pursuant to the providing Party's national laws and regulations. If Project Equipment is lost while in the custody of the receiving Party, the receiving Party shall issue a certificate of loss to the providing Party and pay the replacement value as computed pursuant to the providing Party's national laws and regulations. The replacement value of the Project Equipment shall be specified in the list of Project Equipment referenced in paragraph 8.1. of this Article.

8.3. The providing Party shall furnish the Project Equipment in a serviceable and usable condition for the purposes of the PA. However, the providing Party makes no warranty or guarantee of fitness of the Project Equipment for a particular purpose or use, and makes no commitment to alter, improve, or adapt the Project Equipment or any part thereof.

8.4. The providing Party shall deliver the Project Equipment to the receiving Party at a mutually agreed location. Custody of

the Project equipment shall pass from the providing Party to the receiving Party at time of receipt. Any further transportation is the responsibility of the receiving Party.

8.5. The receiving Party shall inspect and inventory the Project Equipment upon receipt. The receiving Party shall also inspect and inventory the Project Equipment prior to its return (unless the Project Equipment is to be expended or consumed).

8.6. Prior to expiration or termination of the PA, the receiving Party shall return Project Equipment to the providing Party at a mutually agreed location. Any further transportation is the responsibility of the providing Party. The receiving Party shall provide written notice of consumption or expenditure of Project Equipment not intended for return. In the event the intended consumption or expenditure does not occur, the receiving Party shall return the Project Equipment to the providing Party at a mutually agreed location. Any further transportation is the responsibility of the providing Party.

8.7. The Parties shall ensure, by all reasonable means, the protection of any intellectual property rights in the Project Equipment.

8.8. Any Project Equipment that is jointly acquired on behalf of the Parties for use under this MOA and a PA shall be disposed of during the applicable Project or when the Project ends as agreed by RDT&E EA or SC, as appropriate.

8.9. Disposal of jointly acquired Project Equipment may include a transfer of the interest of one Party in such Project equipment to the other Party, or the sale of such Project Equipment to a Third Party in accordance with Article XIII (Third Party Sales and Transfers). The Parties shall share the consideration from jointly acquired Project Equipment transferred or sold to a Third Party in the same ratio as costs are shared under the PA.

ARTICLE IX

DISCLOSURE AND USE OF PROJECT INFORMATION

9.1. General

9.1.1. Both Parties recognize that successful collaboration depends on full and prompt exchange of information necessary for carrying out each PA and the use of the results. The nature and amount of Project Information to be acquired shall be in accordance with Article II (Objective), Article VI (Contractual Provisions) and the PAs to this MOA. Subject to the rights both Parties are accorded under this MOA, title to Project Foreground Information generated by a Party or its Contractor shall reside in that Party or its Contractors, in accordance with that Party's national laws, regulations, and policies.

9.1.2. As set forth in paragraph 3.2. of Article III (Scope of Work), the Parties may exchange information under this MOA for the purpose of harmonizing the Parties' requirements for formulating, developing, and negotiating PAs. The Party furnishing such information shall clearly indicate to the receiving Party that it is furnishing such information for this purpose. Until a PA is signed, or if no PA is signed, a Party may use information received under paragraph 3.2. only for information and evaluation purposes and shall not disclose or transfer such information to a Third Party.

9.1.3. Transfer of Project Information will be consistent with the furnishing Party's applicable export control laws and regulations. Unless otherwise restricted by duly authorized officials of the furnishing Party at the time of transfer to the other Party, all export-controlled information furnished by that Party to the other Party may be retransferred to the other Party's Contractors, subcontractors, Prospective Contractors, and prospective subcontractors, subject to the requirements of paragraphs 6.8. and 6.9. of Article VI (Contracting Provisions). Export-controlled information may be furnished by Contractors, subcontractors, Prospective Contractors, and prospective subcontractors of one Party's nation to the Contractors, subcontractors, Prospective Contractors, and prospective subcontractors of the other Party's nation pursuant to this MOA or PA under

this MOA subject to the conditions established in licenses or other approvals issued by the Government of the former Party in accordance with its applicable export control laws and regulations.

9.2. Government Project Foreground Information

9.2.1. Disclosure: Project Foreground Information generated in the performance of the Project by a Party's military or civilian employees shall be disclosed without charge to both Parties.

9.2.2. Use: Each Party may use all government Project Foreground Information without charge for Defense Purposes. The Party generating government Project Foreground Information shall also retain its rights of use thereto. A sale or other transfer to a Third Party shall be subject to the provisions of Article XIII (Third Party Sales and Transfers) of this MOA.

9.3. Government Project Background Information

9.3.1. Disclosure: Each Party, upon request, shall disclose to the other Party any relevant government Project Background Information generated by its military or civilian employees outside the scope of this MOA, provided that:

9.3.1.1. such Project Background Information is necessary to or useful in the Project, with the Party in possession of the information determining whether it is "necessary to" or "useful in" the Project;

9.3.1.2. such Project Background Information may be made available without incurring liability to holders of proprietary rights; and

9.3.1.3. disclosure is consistent with national disclosure policies and national regulations of the furnishing Party.

9.3.2. Use: Government Project Background Information disclosed by one Party to the other may be used without charge by the other Party for the Project purposes of the particular PA. However, subject to proprietary rights held by other than the Parties and subject to the provisions of paragraph 13.4. of Article XIII (Third Party Sales and Transfers), such Project Background Information may be used for other

Defense Purposes by the other Party without charge when the use of such information is necessary for the use of the Project Foreground Information. The furnishing Party, in consultation with the other Party, shall determine whether the use of such information is necessary. The furnishing Party shall retain all its rights with respect to such Project Background Information.

9.4. Contractor Project Foreground Information

9.4.1. Disclosure: Project Foreground Information generated and delivered by Contractors shall be disclosed without charge to both Parties.

9.4.2. Use: Each Party may use without charge for its Defense Purposes all Contractor Project Foreground Information generated and delivered by Contractors of the other Party. The Party whose Contractors generate and deliver Contractor Project Foreground Information shall also retain rights of use thereto in accordance with the applicable Contract(s). Any sale or other transfer to a Third Party of Contractor Project Foreground Information shall be subject to the provisions of Article XIII (Third Party Sales and Transfers) of this MOA.

9.5. Contractor Project Background Information

9.5.1. Disclosure: Any relevant Project Background Information, (including information subject to proprietary rights) generated and delivered by Contractors or other entities under Contracts awarded by a Party outside the scope of this MOA shall be made available to the other Party provided the following conditions are met:

9.5.1.1. such Project Background Information is necessary to or useful in the Project, with the Party in possession of the information determining whether it is "necessary to" or "useful in" the Project;

9.5.1.2. such Project Background Information may be made available without incurring liability to holders of proprietary rights; and

9.5.1.3. disclosure is consistent with national disclosure policies and national regulations of the furnishing Party.

9.5.2. Use: Project Background Information furnished by one Party's Contractors and disclosed to the other Party may be used without charge by the other Party for the Project purposes of the particular PA. However, subject to any further restrictions by holders of proprietary rights, and subject to the provisions of paragraph 13.4. of Article XIII (Third Party Sales and Transfers), such Project Background Information may be used for other Defense Purposes in accordance with such fair and reasonable terms as are arranged with the Contractor. However, the furnishing Party shall retain all its rights with respect to such Project Background Information.

9.6. Alternative Uses of Project Information

9.6.1. The prior written consent of each Party shall be required for the use of any Project Foreground Information for purposes other than those provided for in this MOA or any PA under it.

9.6.2. Any Project Background Information provided by one Party shall be used by the other Party only for the purposes set forth in this MOA or any PA under it, unless otherwise consented to in writing by the providing Party.

9.7. Proprietary Project Information

9.7.1. All unclassified Project Information subject to proprietary interests shall be identified and marked, and it shall be handled as Controlled Unclassified Information. All classified Project Information subject to proprietary rights shall be so identified and marked.

9.7.2. The provisions of the NATO Agreement on the Communication of Technical Information for Defence Purposes, done at Brussels on October 19, 1970, and the Implementing Procedures for the NATO Agreement on the Communication of Technical Information for Defence Purposes, approved by the North Atlantic Council on January 1, 1971, shall apply to proprietary Project Information related to this MOA.

9.8. Patents

9.8.1. Where a Party owns title to a Project Invention, or has the right to receive title to a Project

Invention, that Party shall consult with the other Party regarding the filing of a Patent application for such Project Invention. The Party that has or receives title to such Project Invention shall, in other countries, file, cause to be filed, or provide the other Party with the opportunity to file on behalf of the Party holding title, or its Contractors, as appropriate, Patent applications covering that Project Invention. If a Party having filed or caused to be filed a Patent application decides to stop prosecution of the application, that Party shall notify the other Party of that decision and permit the other Party to continue the prosecution.

9.8.2. The other Party shall be furnished with copies of Patent applications filed and Patents granted with regard to Project Inventions.

9.8.3. The other Party shall acquire a non-exclusive, irrevocable, royalty-free license to practice or have practiced, by or on behalf of the Party, throughout the world for Defense Purposes, any Project Invention.

9.8.4. Patent applications which contain Classified Information, to be filed under this MOA, shall be protected and safeguarded in accordance with the requirements contained in the NATO Agreement for the Mutual Safeguarding of Secrecy of Inventions Relating to Defense and for Which Applications for Patents Have Been Made, done at Paris on September 21, 1960, and its Implementing Procedures.

9.8.5. Each Party shall notify the other Party of any Patent infringement claims made in its territory arising in the course of work performed under a PA. Insofar as possible, the other Party shall provide information available to it that may assist in defending the claim. Each Party shall be responsible for handling all Patent infringement claims made in its territory, and shall consult with the other Party during the handling, and prior to any settlement, of such claims. The Parties shall share the costs of resolving Patent infringement claims in the same percentage as costs are shared under a PA, unless otherwise specified in the PA. The Parties shall, in accordance with their national laws and practices, give their authorization and consent for all use and manufacture in the course of work performed under a

PA of any invention covered by a Patent issued by their respective countries.

ARTICLE X

CONTROLLED UNCLASSIFIED INFORMATION

10.1. Except as otherwise provided in this MOA or as authorized in writing by the originating Party, Controlled Unclassified Information (CUI) provided or generated pursuant to this MOA or a PA to this MOA shall be controlled as follows:

10.1.1. Such information shall be used only for the purposes authorized for use of Project Information as specified in Article IX (Disclosure and Use of Project Information).

10.1.2. Access to such information shall be limited to personnel whose access is necessary for the permitted use under subparagraph 10.1.1., and shall be subject to the provisions of Article XIII (Third Party Sales and Transfers).

10.1.3. Each Party shall take all lawful steps, which may include national classification, available to it to keep such information free from further disclosure (including requests under any legislative provisions), except as provided in subparagraph 10.1.2., unless the originating Party consents to such disclosure. In the event of unauthorized disclosure, or if it becomes probable that the information may have to be further disclosed under any legislative provision, immediate notification shall be given to the originating Party.

10.2. To assist in providing the appropriate controls, the originating Party shall ensure that CUI is appropriately marked to ensure its "in confidence" nature. The Parties' export-controlled information shall be marked in accordance with the applicable Party's export control markings as documented in the Project Security Instruction (PSI), or in Article XII (Special Provisions) of the applicable PA, as appropriate. The Parties shall also decide, in advance and in writing, on the markings to be placed on any other types of CUI and describe such markings in the PSI or in Article XII (Special Provisions) of the applicable PA, as appropriate.

10.3. CUI provided or generated pursuant to a PA to this MOA shall be handled in a manner that ensures control as provided for in paragraph 10.1.

10.4. Prior to authorizing the release of CUI to Contractors, the Parties shall ensure the Contractors are legally bound to control such information in accordance with the provisions of this Article.

ARTICLE XI

VISITS TO ESTABLISHMENTS

11.1. Each Party shall permit visits to its government establishments, agencies, and laboratories, and Contractor industrial facilities by employees of the other Party or by employees of the other Party's Contractor(s), provided that the visit is authorized by both Parties and the employees have any necessary and appropriate security clearances and a need-to-know.

11.2. All visiting personnel shall be required to comply with security regulations of the Host Party. Any information disclosed or made available to visitors shall be treated as if supplied to the Party sponsoring the visiting personnel, and shall be subject to the provisions of this MOA.

11.3. Requests for visits by personnel of one Party to a facility of the other Party shall be coordinated through official channels, and shall conform with the established visit procedures of the host country. Requests for visits shall bear the name of this MOA and the appropriate PA.

11.4. Lists of personnel of each Party required to visit, on a continuing basis, facilities of the other Party shall be submitted through official channels in accordance with recurring international visit procedures.

ARTICLE XII

SECURITY

12.1. All Classified Information provided or generated pursuant to this MOA and any of its PAs shall be stored, handled, transmitted, and safeguarded in accordance with the General Security Agreement between the Republic of Italy and the United States of America, of August 4, 1964, amended September 2, 1982, and including the Industrial Security Annex thereto, of November 27, 1985, amended January 27, 1988.

12.2. Classified Information shall be transferred only through official government-to-government channels or through channels approved by the Designated Security Authorities (DSAs) or National Security Authorities (NSA), as appropriate, of the Parties. Such Classified Information and material shall bear the level of classification, denote the country of origin, the conditions of release, and the fact that the information relates to this MOA and the applicable PA.

12.3. Each Party shall take all lawful steps available to it to ensure that Classified Information provided or generated pursuant to this MOA and any of its PAs is protected from further disclosure, except as permitted by paragraph 12.8., unless the other Party consents to such disclosure. Accordingly, each Party shall ensure that:

12.3.1. The recipient shall not release the Classified Information to any government, national, organization, or other entity of a Third Party except as permitted under the procedures set forth in Article XIII (Third Party Sales and Transfers).

12.3.2. The recipient shall not use the Classified Information for other than the purposes provided for in this MOA and any of its PAs.

12.3.3. The recipient shall comply with any distribution and access restrictions on information that is provided under this MOA and any of its PAs.

12.4. The Parties shall investigate all cases in which it is known or where there are grounds for suspecting that Classified Information provided or generated pursuant to this MOA and any of its PAs has been lost or disclosed to unauthorized persons. Each Party also shall promptly and fully inform the other Party of the details of any such occurrences, and of the final results of the

investigation and of the corrective action taken to preclude recurrence.

12.5. When a PA contains provisions for the exchange of Classified Information, the POs shall prepare a PSI and a Classification Guide (CG) for the PA. The PSI and the CG shall describe the methods by which Project Information and material shall be classified, marked, used, transmitted, and safeguarded, and shall require that markings for all export-controlled Classified Information also include the applicable export control markings identified in the PSI in accordance with paragraph 10.2. of Article X (Controlled Unclassified Information) of this MOA. The PSI and CG shall be developed by the PO within three months after the PA comes into effect. They shall be reviewed and forwarded to the appropriate DSA or NSA, and shall be applicable to all government and Contractor personnel participating in the PA. The CG shall be subject to regular review and revision with the aim of downgrading the classification whenever this is appropriate. The PSI and the CG shall be approved by the appropriate DSA or NSA prior to the transfer of any Classified Information or CUI.

12.6. The DSA or NSA, as appropriate, of a Party that awards a classified Contract under this MOA shall assume responsibility for administering within its territory security measures for the protection of the Classified Information, in accordance with its national laws and regulations. Prior to the release to a Contractor, Prospective Contractor or subcontractor of any Classified Information received under this MOA, the DSAs, or NSAs, as appropriate, shall:

12.6.1. ensure that such Contractor, Prospective Contractor, or subcontractors and their facility(ies) have the capability to protect the Classified Information adequately;

12.6.2. grant a security clearance to the facility(ies), if appropriate;

12.6.3. grant a security clearance for all personnel whose duties require access to Classified Information, if appropriate;

12.6.4. ensure that all persons having access to the Classified Information are informed of their responsibilities to protect the Classified Information in accordance with national security laws and regulations, and the provisions of this MOA and the applicable PA;

12.6.5. carry out periodic security inspections of cleared facilities to ensure that the Classified Information is properly protected; and

12.6.6. ensure that access to the Classified Information is limited to those persons who have a need-to-know for purposes of a Project.

12.7. Contractors, Prospective Contractors, or subcontractors which are determined by the DSA or NSA, as appropriate, to be under financial, administrative, policy, or management control of nationals or entities of a Third Party, may participate in a Contract or subcontract requiring access to Classified Information provided or generated pursuant to this MOA and any of its PAs only when enforceable measures are in effect to ensure that other entities of a Third Party shall not have access to Classified Information. If enforceable measures are not in effect to preclude access by other entities of a Third Party, the other Party shall be consulted for approval prior to permitting such access.

12.8. For any facility wherein Classified Information is to be used, the responsible Party or Contractor shall approve the appointment of a person or persons to exercise effectively the responsibilities for safeguarding at such facility the information pertaining to this MOA and any of its PAs. These officials shall be responsible for limiting access to Classified Information or material involved in the MOA and any PAs to those persons who have been properly approved for access and have a need-to-know.

12.9. Each Party shall ensure that access to the Classified Information is limited to those persons who possess requisite security clearances and have a specific need for access to the Classified Information in order to participate in this MOA and any of its PAs.

12.10. A Party may consider on a case-by-case basis a person who is a citizen of another NATO country or who is a citizen of Austria, Finland, Sweden, or Switzerland as eligible for access to Classified Information furnished or generated pursuant to this MOA and any of its PAs, provided that the following conditions are met:

12.10.1. Access to such Classified Information may not be granted or implemented until appropriate U.S. Government authorization is secured either as part of the original sale or export authorization, which may permit sharing of such Information with citizens of the aforementioned countries who are

employees or agents of the Parties, or as a retransfer or re-export authorization. Italian Government authorization for transfers, export, or retransfer or re-export, may be required with respect to Classified Information of Italian origin.

12.10.2. Eligibility for access is necessary in support of activities undertaken pursuant to this MOA and any of its PAs.

12.10.3. The person is granted a personal security clearance based on a clearance procedure that is no less rigorous than that required for a citizen of the Party's country in accordance with the Party's security policy and procedures, and shall sign a non-disclosure agreement.

12.10.4. Eligibility for access shall be limited to Classified Information that is classified no higher than SECRET. Access shall not be provided to TOP SECRET Information, intelligence Information, special access program Information, communications security Information, ATOMAL Information, Information carrying out specific dissemination limitations, or other Information subject to other access controls.

12.10.5. The person shall be eligible to obtain access only to that Classified Information that is required for the person to perform the specific Project-related tasks that are assigned to him or her and only for the period of time necessary to perform such tasks. Subject to the requisite appropriate additional U.S. or Italian Government authorizations referred to above, the person may have access only during working hours (not including weekends) and shall not remove or transmit in any form Classified Information from the office. The person shall not be permitted to reproduce Classified Information. The person shall be required to certify in writing that he or she is aware of and shall comply with security procedures and restrictions on re-transfers and access by unauthorized persons. The control of access to Classified Information shall be the responsibility of the security officer of the facility or organization at which the access is provided. Such security officer shall be a

citizen of the country of the Party that provides the access.

12.10.6. There shall be a security of information agreement or other legally binding security arrangement between the government of the Party wishing to provide access and the government of the country of citizenship of the person who is to be eligible for such access.

12.10.7. Before confirming eligibility for access to Classified Information, the government of the Party that is to extend eligibility for such access shall ensure that it has sufficient jurisdiction and control over the person to effectively prosecute the person and hold him or her accountable for the proper handling of the Classified Information.

12.10.8. The Party extending eligibility for access to Classified Information to a citizen from another NATO country or a citizen of Austria, Finland, Sweden, or Switzerland shall provide thirty (30) days prior notification to the other Party of the nationality and identity of the citizens of the aforementioned countries who shall be eligible for such access and shall ensure that records are maintained of any such access.

12.10.9. The government of the Party that is to extend eligibility for access to the Classified Information shall be willing to provide access to its own Classified Information of a similar type and classification level to the country of citizenship of the person who shall be eligible for access under the conditions stated herein.

12.10.10. Information or material provided or generated pursuant to this MOA and any of its PAs may be classified as high as SECRET. The existence of this MOA is UNCLASSIFIED and the contents are UNCLASSIFIED. The classification of a specific PA and its content shall be stated in that PA.

ARTICLE XIII

THIRD PARTY SALES AND TRANSFERS

13.1. Each Party shall retain the right to sell, transfer title to, disclose, or transfer possession of Project Foreground Information:

13.1.1. which is generated solely by either that Party or that Party's Contractors in the performance of that Party's work allocation under a PA; and

13.1.2. which does not include any Project Foreground Information or Project Background Information of the other Party and whose generation, test, or evaluation has not relied on the use of Project Equipment of the other Party.

13.2. In the event questions arise as to whether the Project Foreground Information (or any item produced either wholly or in part from Project Foreground Information) that a Party intends to sell, transfer title to, disclose, or transfer possession of to a Third Party is within the scope of paragraph 13.1., the matter shall be brought to the immediate attention of the other Party's PO. The Parties shall resolve the matter prior to any sale or other transfer of such Project Foreground Information (or items produced wholly or in part from such Project Foreground Information) to a Third Party.

13.3. Except to the extent permitted in paragraph 13.1., the Parties shall not sell, transfer title to, disclose, or transfer possession of Project Foreground Information (or any item produced either wholly or in part from Project Foreground Information) or jointly acquired Project Equipment to any Third Party without the prior written consent of the government of the other Party. Furthermore, neither Party shall permit any such sale, disclosure, or transfer, including by the owner, without the prior written consent of the government of the other Party. Such consent shall not be given unless the government of the intended recipient agrees in writing with the Parties that it shall:

13.3.1. not retransfer, or permit the further retransfer of, any equipment or information provided; and

13.3.2. use, or permit the use of, the equipment or information provided only for the purposes specified by the Parties.

13.4. A Party shall not sell, transfer title to, disclose, or transfer possession of Project Equipment or Project Background Information provided by the other Party to any Third Party without the prior written consent of the government of the Party that provided such equipment or information. The providing Party's government shall be solely responsible for authorizing such transfers and, as applicable, specifying the method and conditions for implementing such transfers.

ARTICLE XIV

LIABILITY AND CLAIMS

14.1. Claims against either Party or its personnel shall be dealt with in accordance with the terms of Article VIII of the NATO Status of Forces Agreement (NATO SOFA) dated June 19, 1951. Civilian employees of the Parties assigned to duty within their government's Defense Department or Ministry shall be deemed for the purpose of Article VIII of NATO SOFA to be members of a civilian component within the meaning of Article I of the NATO SOFA while present in the territory of the other Party for the purpose of this MOA. However, claims for loss of or damage to Project Equipment provided under Article VIII (Project Equipment) shall be dealt with in accordance with paragraph 8.2.

14.2. Claims arising under or related to any Contract awarded pursuant to Article VI (Contracting Provisions) shall be resolved in accordance with the provisions of the Contract.

14.3. Employees and agents of Contractors shall not be considered to be civilian personnel employed by a Party for the purpose of paragraph 14.1.

14.4. In case of damage caused to or by jointly acquired Project Equipment, where the cost of making good such damage is not recoverable from other persons, such cost shall be borne by the Parties according to the same percentages as costs are shared under the PA.

ARTICLE XV

CUSTOMS DUTIES, TAXES, AND SIMILAR CHARGES

15.1. Customs duties, import and export taxes, and similar charges shall be administered in accordance with each Party's respective national laws and regulations. Insofar as existing national laws and regulations permit, the Parties shall endeavor to ensure that such readily identifiable duties, taxes and similar charges, as well as quantitative or other restrictions on imports and exports, are not imposed in connection with work carried out under each PA.

15.2. Each Party shall use its best efforts to ensure that customs duties, import and export taxes, and similar charges are administered in a manner favorable to the efficient and economical conduct of the work. If any such duties, taxes, or similar charges are levied, the Party in whose country they are levied shall bear such costs.

ARTICLE XVI

GENERAL PROVISIONS

16.1. Disputes between the Parties arising under or relating to this MOA shall be resolved only by consultation between the Parties and shall not be referred to a national court, an international tribunal, or to any other person or entity for settlement.

16.2. In the event of a conflict between the terms of this MOA and any PA, this MOA shall take precedence.

16.3. All activities of the Parties under this MOA shall be carried out in accordance with their respective national laws and regulations, including their respective export control laws and regulations.

16.4. The obligations of the Parties shall be subject to the availability of appropriated funds for such purposes.

ARTICLE XVII

LANGUAGE

17.1. The working language for this MOA and its PAs shall be the English language.

17.2. All data and information generated under this MOA, its PAs, and its implementing Contracts, and provided by one Party to the other Party shall be furnished in the English language.

ARTICLE XVIII

AMENDMENT, TERMINATION, COMING INTO EFFECT, AND DURATION

18.1. This MOA may be amended only by the mutual written agreement of the Parties. Any of the PAs under this RDT&E MOA may be amended only by the written agreement of authorized representatives of the Parties.

18.2. The Parties may, upon written consent, terminate at any time this MOA and any of its PAs. In the event both Parties agree to terminate this MOA or one of its PAs, the Parties shall consult prior to the date of termination to ensure termination on the most economical and equitable terms.

18.3. Either Party may terminate this MOA or any PA at any time and the termination will take effect 180 days after its written notification to the other Party. Such notice shall be the subject of immediate consultation to decide upon the appropriate course of action.

18.4. In the event of termination of this MOA or any of its PAs, the following rules apply:

18.4.1. The terminating Party shall continue participation, financial or otherwise, up to the effective date of termination.

18.4.2. Except as to Contracts awarded on behalf of both Parties, each Party shall be responsible for its own Project-related costs associated with termination of the Project. For Contracts awarded on behalf of both Parties, the terminating Party shall pay for all Contract modification and termination costs that would not otherwise have been incurred but for the decision to terminate. However, in no event shall a terminating Party's total financial contribution, including Contract termination costs, exceed that Party's total financial contribution for the PA being terminated.

18.4.3. All Project Information and rights therein received under the provisions of this MOA and any of its PAs prior to the termination shall be retained by the Parties, subject to the provisions of this MOA and its PAs.

18.4.4. If requested by the other Party, the terminating Party may continue to administer Project

Contract(s) that it awarded on behalf of the other Party on a reimbursable basis.

18.4.5. Each Party shall make available to the other Party all Project Foreground Information generated and delivered prior to termination, and that has not been provided to the other Party prior to the termination.

18.5. The respective rights and responsibilities of the Parties regarding Article VIII (Project Equipment), Article IX (Disclosure and Use of Project Information), Article X (Controlled Unclassified Information), Article XII (Security), Article XIII (Third Party Sales and Transfers), Article XIV (Liability and Claims), and this Article XVIII (Amendment, Termination, Coming into Effect and Duration) shall continue notwithstanding termination or expiration of this MOA and any of its PAs.

18.6. This MOA, which consists of 18 Articles, one Annex, and one Appendix to the Annex, shall come into effect upon signature by both Parties and shall remain in effect for 25 years. It may be extended by written agreement of the Parties. All PAs shall automatically terminate upon the termination or expiration of this MOA.

IN WITNESS WHEREOF, the undersigned, duly authorized by their respective Parties, have signed this MOA.

DONE, in duplicate, in the English language.

FOR THE DEPARTMENT OF DEFENSE OF THE UNITED STATES OF AMERICA	FOR THE MINISTRY OF DEFENSE OF THE ITALIAN REPUBLIC
Signature	Signature
Hon. Kenneth J. Krieg	**Gen. C.A. Gianni BOTONDI**
Name	Name
Under Secretary of Defense, Acquisition, Technology and Logistics	**Seg.Gen. & NAD**
Title	Title
15 September 2006	26 September 2006
Date	Date
WASHINGTON, DC	Roma - IT
Location	Location

ANNEX A (SAMPLE PROJECT AGREEMENT)

TO THE

U.S. DoD - ITALIAN MoD RESEARCH, DEVELOPMENT, TEST, AND EVALUATION PROJECTS MEMORANDUM OF AGREEMENT

DATED

PROJECT AGREEMENT NO._____*

BETWEEN

THE DEPARTMENT OF DEFENSE

OF THE UNITED STATES OF AMERICA

AND

THE MINISTRY OF DEFENSE

OF THE ITALIAN REPUBLIC

CONCERNING

(FULL DESIGNATION OF THE PROJECT)

***The Project Agreement Numbers shall be structured as follows: RDT&E: IT XX-NN-nnnn where XX is a U.S. Military Department or Defense Agency designator such as N for Navy, A for Army, AF for Air Force, DA for DARPA, etc.; NN is the calendar year, and nnnn is a sequential number.**

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APPENDIX (1) COOPERATIVE PROJECT PERSONNEL

INTRODUCTION

This Project Agreement (PA) hereby establishes the _____ _____ **(insert name of Project)** as a Project in accordance with the MOA between the Department of Defense of the United States of America (U.S. DoD) and the Ministry of Defense of the Italian Republic (IT MoD) for Research, Development, Test, and Evaluation (RDT&E) Projects, **(date)**, the terms of which are hereby incorporated by reference.

ARTICLE I

DEFINITION OF TERMS AND ABBREVIATIONS

(Define only those terms used in this PA that have not been defined in the RDT&E MOA).

ARTICLE II

OBJECTIVES

The objectives of this _____ Project are:

(For example:
a. the development of_____
_____

b. the improvement of_____
_____

c. the investigation of_____
_____)

ARTICLE III

SCOPE OF WORK

The following tasks shall be undertaken under this PA.

(For example:
a. Research _____
_____

b. Develop _____
_____

c. Evaluate _____
_____

d. Design, fabricate and test _____)

ARTICLE IV

SHARING OF TASKS

(Applicable when the work may be apportioned into discrete work packages that are assigned as an individual Party's primary responsibility)

The sharing of tasks shall be as follows:

(For example:
a. The U.S. DoD shall
_____
_____

b. The IT MoD shall _____
_____

c. U.S. DoD and IT MoD shall jointly
_____
_____)

ARTICLE V

BREAKDOWN AND SCHEDULE OF TASKS

(OPTIONAL)

(When the tasks covered under Project may be performed using multiple phases, requiring milestones or decision points).

The Project shall proceed according to the following phases and schedule.

Phase 1	Start	End
Description of Phase 1	MM/YY	MM/YY

(Milestone 1) (e.g., Transmittal of Feasibility Report)

Phase 2	Start	End
Description of Phase 2	MM/YY	MM/YY

(Milestone 2) (e.g., Decision to proceed to phase 3)

Phase 3	Start	End
Description of Phase 3	MM/YY	MM/YY

(Milestone 3) (e.g., Evaluation, analysis of results)

(Add as many phases as necessary)

The final report must be transmitted to the Executive Agents (or Steering Committee) six months before the termination date for this PA.

ARTICLE VI

MANAGEMENT

1. Steering Committee:

(It is anticipated that most Projects shall not need the establishment of a Steering Committee (SC); however, for such instances where an SC is deemed to be required, the following provides for the designation of SC members.)

U.S. Co-Chairman
Title/Position_____

Organization_____

Address_____
_____
_____

Italian Co-Chairman
Title/Position_____

Organization_____

Address_____

_____

_____

2. Project Officers:

U.S. PO
Title/Position_____

Organization_____

Address_____

_____

_____

Italian PO
Title/Position_____

Organization_____

Address_____

_____

_____

3. Particular Management Procedures:

(Mention only those additional management responsibilities not covered under Article IV of the RDT&E MOA. For instance, if a PA shall be administered by a Joint Program Office that includes CPPs, add the following paragraph):

4. A Joint Program Office (JPO) will be established in [location]. Provisions for Cooperative Project Personnel (CPP) in the JPO are provided in Appendix 1 of this PA.

ARTICLE VII

FINANCIAL ARRANGEMENTS

The Parties estimate that the cost of performance of the tasks under this PA shall not exceed X U.S. dollars plus Y Euro.

Cooperative efforts of the Parties over and above the jointly agreed tasks set forth in the SCOPE OF WORK, SHARING OF TASKS and FINANCIAL ARRANGEMENTS Articles shall be subject to amendment to this PA or signature of a new PA.

(If a PA will involve the assignment of CPP, the PA shall include a provision that refers to paragraphs 5.7.-5.9. of the RDT&E MOA, identifies which Party is sending or hosting CPP, and specifies the number of CPP to be assigned. In addition, the PA shall include the amount of financial and non-financial contributions related to CPP in one of the two alternatives below in this Article.)

(If a PA will not involve one Party Contracting for the other or for both Parties, and no funds shall be exchanged between the Parties, use Alternative 1 below for the Financial Arrangements. Both financial and non-financial contributions should be included in the total DoD and MoD costs.)

Alternative 1

The U.S. DoD tasks shall not cost more than X U.S. dollars. The IT MoD tasks shall not cost more than Y Euro.

Or:

If a PA shall involve one Party Contracting for the other Party or both Parties, or the Parties shall transfer or exchange funds between them, use the following format for the Financial Provisions.)

Alternative 2

Cost of performance includes Financial and Non-financial Costs.

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Italy						
U.S.						

(Using the above table and whatever description is necessary, explain, and demonstrate how the PA shall be funded. Identify both financial (funds) and non-financial (e.g., range time, use of equipment, etc.) contributions.)

(For Alternative 2, the Financial Management Procedures Document (FMPD) should be developed by the POs and submitted to the SC (if appropriate) for approval. The FMPD should include as a minimum schedule, handling, funding levels by year, and auditing procedures for monetary contributions anticipated for this PA.)

ARTICLE VIII

CONTRACTING PROVISIONS
(if applicable)

The _____ (acting through the ____) shall be responsible for Contracting under this PA in accordance with its national laws, regulations, and procedures and with Article VI (Contracting Provisions) of the RDT&E MOA.

ARTICLE IX

LEVEL OF CLASSIFICATION

Only one of the three following possibilities must be selected:

a. No Classified Information shall be exchanged under this PA; **or**

b. The highest level of Classified Information exchanged under this PA is Confidential; **or**

c. The highest level of Classified Information exchanged under this PA is Secret.

ARTICLE X

PRINCIPAL ORGANIZATIONS INVOLVED

(List government laboratories, research centers, and other organizations for both the United States and Italy)

ARTICLE XI

PROJECT EQUIPMENT

1. In the event that the collaborative efforts under this PA required the provision of Project Equipment to either Party, the POs shall prepare a list of such Project Equipment using the following table as a guideline:

Providing Party	Receiving Party	QTY	Description	Part/ Stock #	Consumables\ Non-Consumables	Approx. Value

ARTICLE XII

SPECIAL PROVISIONS

1. All activities of the Parties under this PA shall be carried out in accordance with the Parties' national laws and regulations, including their export control laws and regulations.

(In the event a PSI and CG shall not be created for the Project, the following paragraph shall be used).

2. All U.S. export-controlled Information to be provided to the Italian MoD under this PA shall be marked "International Traffic in Arms Regulations (ITAR)-Controlled" or "Export Administration Control Regulations (EAR) Controlled," as appropriate, or such other markings as is notified by the U.S. DoD to the Italian MoD. Italian MoD export-controlled Information shall be marked as (Italy to provide), or such other markings as is notified by the Italy MoD to the U.S. DoD.

(Identify any procedures, specifications, or other necessary attributes of the Project not delineated in other Articles).

ARTICLE XIII

COMING INTO EFFECT, DURATION, AND TERMINATION

This_____
PA, a Project under the MOA between the Department of Defense of the United States of America and the Ministry of Defense of the Italian Republic for Research, Development, Test, and Evaluation (RDT&E) Projects, shall come into effect upon its signature, and shall remain in effect for _____ years unless terminated by either Party. It may be extended by mutual written agreement of the Parties.

FOR THE DEPARTMENT OF DEFENSE OF THE UNITED STATES OF AMERICA	FOR THE MINISTRY OF DEFENSE OF THE ITALIAN REPUBLIC
_____ Signature	_____ Signature
_____ Name	_____ Name
_____ Title	_____ Title
_____ Date	_____ Date
_____ Location	_____ Location

APPENDIX (1)

COOPERATIVE PROJECT PERSONNEL

1.0. Purpose and Scope

1.1. This appendix to the PA establishes the terms and conditions for Cooperative Project Personnel (CPP) assigned for work under this PA. CPP must be able to perform all responsibilities for the positions assigned to them under this PA. Commencement of assignments shall be subject to the requirements that may be imposed by the Host Party or its government regarding acceptance of CPP, such as, but not limited to, visas and visit request documentation. The Host Party and Parent Party shall determine the length of tour for the positions at the time of initial assignment.

1.2. CPP shall be assigned to perform work under this PA and shall report to a supervisor to be identified by the Host Party. CPP shall have a position description mutually determined by the Parent Party and Host Party. CPP shall not act as liaison officers for their Parent Party. However, such personnel may act from time to time on behalf of the Parent Party's SC representative if the latter so authorizes in writing.

1.3. CPP shall not be assigned to command or other positions that would require them to exercise responsibilities that are reserved by national law or regulation to an officer or employee of the Host Party's government.

2.0. Security

2.1. The Host Party shall establish the level of security clearance required, if any, to permit CPP to have access to Classified Information and facilities. Access to Classified Information and facilities in which Classified Information is used shall be limited by the scope of this PA.

2.2. The Parent Party shall file visit requests through prescribed channels in compliance with the Host Party's procedures. As part of the visit request procedures, each Party shall cause security assurances to be filed, through the Italian Embassy in Washington, DC, in the case of Italian personnel, and through the U.S. Embassy in Rome, Italy, in the case of United States personnel, specifying the security clearances for the CPP being assigned.

2.3. The Host and Parent Party shall use their best efforts to ensure that CPP assigned to a Host Party's facility to conduct

work under the PA are aware of the requirements of the RDT&E MOA and this PA. On arrival, CPP and their dependents shall be informed by the Host Party's representative about applicable national laws, orders, regulations, and customs and the need to comply with them. Prior to commencing assigned duties, CPP shall sign a certification concerning the conditions and responsibilities of CPP.

2.4. CPP shall at all times be required to comply with the national security and export control laws, regulations, and procedures of the Host Party's government. Any violation of national security procedures by CPP during their assignment shall be reported to the Parent Party for appropriate action. CPP committing significant violations of national security laws, regulations, or procedures during their assignments shall be withdrawn from the Project with a view toward appropriate administrative or disciplinary action by their Parent Party.

2.5. All Classified Information made available to CPP shall be considered as Classified Information furnished to the Parent Party, and shall be subject to all provisions and safeguards provided for in Article XII (Security).

2.6. CPP shall not have personal custody of Classified Information or CUI unless approved by the Host Party and as authorized by their Parent Party. They shall be granted access to such Information in accordance with Article X (Controlled Unclassified Information), Article XII (Security), and the applicable PSI during normal duty hours and when access is necessary to perform work for the Project.

2.7. CPP assigned to a Host Party's facility to conduct Project work shall not serve as a conduit between the Host Party and Parent Party for requests and/or transmission of Classified Information or CUI outside the scope of their assignment, unless specifically authorized by the PSI.

3.0. Technical and Administrative Matters

3.1. Consistent with the Host Party's laws and regulations, and subject to applicable multilateral and bilateral treaties, agreements, and arrangements of the governments of the Host Party and Parent Party, CPP and their authorized dependents shall be accorded:

3.1.1. exemption from any Host Party's government tax upon income received from the Parent Party; and

3.1.2. exemption from any Host Party's government customs and import duties or similar charges levied on

items entering the country for their official or personal use, including their baggage, household effects, and private motor vehicles.

3.2. On or shortly after arrival CPP and their dependents shall be provided briefings arranged by the Host Party's representative regarding (subject to applicable multilateral and bilateral agreements) entitlements, privileges, and obligations such as:

3.2.1. any medical and dental care that may be provided to CPP and their dependents at local medical facilities, subject to the requirements of applicable national laws and regulations, including reimbursement when required;

3.2.2. purchasing and patronage privileges at military commissaries, exchanges, theaters, and clubs for CPP and their dependents, subject to the requirements of applicable national laws and regulations; and

3.2.3. responsibility of CPP and their accompanying dependents to obtain motor vehicle liability insurance coverage in accordance with the national laws and regulations applicable in the area where they are residing. In case of claims involving the use of private motor vehicles by CPP, the recourse shall be against such insurance.

3.3. The Host Party shall, in consultation with the CPP, establish standard operating procedures for CPP in the following areas:

3.3.1. working hours, including holiday schedules;

3.3.2. leave authorization, consistent to the extent possible with the military and civilian personnel regulations and practices of the Host Party and Parent Party;

3.3.3. dress regulations, consistent to the extent possible with the military and civilian personnel regulations and practices of the Host Party and Parent Party; and

3.3.4. performance evaluations, recognizing that such evaluations shall be rendered in accordance with the Parent Party's military or civilian personnel regulations and practices.

3.4. CPP committing an offense under the national laws of the government of the Host Party or Parent Party may be withdrawn from this Project with a view toward further administrative or disciplinary action by the Parent Party. Disciplinary action, however, shall not be taken by the Host Party against CPP, nor shall CPP exercise disciplinary powers over the Host Party's personnel. In accordance with Host Party's government laws and regulations, the Host Party shall assist the Parent Party in carrying out investigations of offenses involving CPP.